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SUBJECT: PS FIRST SECRETARY FRANCOIS HOLLANDE UNDERWHELMS
AMBASSADORIAL GROUP

Classified By: DCM Alex Wolff for reasons 1.4 (b) and (d).

1. (C) Summary: Francois Hollande, First Secretary of France's deeply fragmented Socialist Party (PS), on June 30 presented his take on a variety of French, EU and foreign policy issues to an informal "Circle of Ambassadors" group, attended by Charge. Hollande's analysis impressed participants as sound and insightful. His lack of a clear program of action to contend with French socio-economic difficulties, however, left his audience asking if he is capable of projecting himself as a candidate with a clear message and a winning program. On display were both Hollande's questionable viability as a candidate in the 2007 elections and the PS's lack of unity and coherent vision. End Summary.

EU Constitution and the PS

2. (SBU) France's Socialist Party (PS) hosted, for the first time, a "Circle of Ambassadors" group to hear party First Secretary Francois Hollande give an overview of key issues

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and answer participants' questions. While his general presentation was unremarkable, Hollande proved more insightful in answering questions. Addressing the failed EU Constitutional referendum, Hollande noted there were a number of reasons for the 'no' outcome, including the need for a collective effort earlier in the campaign to better explain the content of the treaty. Part of the problem, Hollande reasoned, was in the prevailing view of the EU; whereas it had previously been seen as a protective institution, issues such as the Bolkestein proposal to create a single services market and "liberal" (free-market) labor laws have sparked fear and concern. Hollande also saw rising nationalism as a factor. Rather than seeing the EU as the guarantor of peace and stability, citizens are asking what is in it for them. Hollande expressed his disappointment in the lack of discipline within the PS in support of the Constitution adding that just as lack of party discipline had had consequences for the future of Europe, it should also have consequences for those party members who broke ranks. The split within the Socialists over the EU Constitution was a key factor in its defeat, according to Hollande. The divide legitimized both the PS 'yes' and 'no' camps, as supporters of either could point to a PS leader championing their cause.

Hollande took a swipe at PS no-camp leader Laurent Fabius, stating that his support of the 'no' was not based on the merits of the Constitution, but on "ulterior motives" -- that is, Fabius's ambition to make himself the PS candidate in the 2007 presidential election. Hollande announced that the PS would decide on its candidate for 2007 at the party congress in mid-November, and added that party members who, afterwards, presented themselves as an alternative candidate would be expelled from the party.

Future of the EU

3. (SBU) All elections within Europe have an EU dimension, according to Hollande, who added that domestic and EU policy were becoming difficult to separate. Hollande noted that, over the medium-to-long term, politics in European countries tend towards regular alternation in power between center-left and center-right -- which should currently favor the center-left, as many European countries (among them France, the Netherlands, and Italy) are currently led by the center-right. Hollande said that the center-left parties of Europe needed to work together and develop a coordinated, common approach. Hollande also remarked that Europe was facing a crisis of confidence and identity. The French and Dutch rejections of the EU Constitution laid bare this crisis in Europe and would have the effect of prolonging it. First among the concerns was the issue of EU borders. An EU-wide debate was necessary to discuss how big the EU should become and what its purpose should be. These comments struck many as intimating re-consideration by the PS of its position favoring Turkey's inclusion in the EU. Hollande also noted that the EU shouldn't wait for any new constitutional initiatives to secure several essential goals, such as a common foreign minister and voting weights and other decision-making changes.

French Politics and 2007 Presidential Race

14. (SBU) Hollande asserted that victory in the presidential election in 2007 would go to the party that provides solutions to the problems of France. If the Socialists can't engender confidence, he stated, they risk resorting to populism and the "us against them" mentality that showed itself during the EU Constitutional debate in the guise of the Polish plumber. Hollande stated that reforms in France were difficult to effect and often the result of legislation imposed by the majority party rather than compromise among stakeholders -- a system Hollande characterized as ineffective. Hollande cited job creation as a most urgent challenge facing France, and pointed out that 70 percent of jobs in France are short term or of a fixed duration. (Note. This is largely a result of the French employment laws that make it inordinately difficult to fire full-time employees. End Note.) Hollande observed that the vaunted "French social model" (often invoked by President Chirac) was a recent idea, and added that he did not know what it meant. The PS, he stated, speaks of an EU social model, but the current French government touts a model no one wants to follow.

15. (SBU) Hollande made several predictions regarding the 2007 presidential elections, notably that Chirac would not be a candidate. Sarkozy would leave the government before the elections, likely under protest so he could criticize Chirac and Villepin. The Socialists would reunify before 2007, unless an opposition candidate rose to challenge the official flag-bearer. Hollande foresaw the UMP candidate making the second round of elections, with the PS candidate representing the left. Ultimately, Hollande reiterated, the winner would be the candidate offering the most credible promise of change. (Paradoxically, his presentation inspired no such impression.)

Asia and Africa

16. (SBU) Describing Asia as a dynamic, competitive, and important region, Hollande similarly noted that it was causing economic unease in France. It was not constructive to simply tell people to work harder, he said. Hollande stated that regulations were needed to protect economic interests, but was careful to underline that he did not support protectionism, just the guarantee that all parties should play by the same rules. Touching briefly on Africa, Hollande remarked that France had a unique responsibility to the continent. The EU is seen as the panacea to African problems and aid to Africa should be increased, he added.

Comment

17. (C) Hollande is right that the next President of France is likely to be the candidate who offers the most credible promise of change. Hollande, however, seems unlikely to be that candidate. Hollande does not project as a leader implementing a clear program of action. He has often been criticized for his diffidence and lack of "political punch." True to that image, he did not demonstrate the confidence or talent for galvanizing others to action that voters look for in a candidate. His comments on issues focused on general diagnoses, not concrete remedies. His vision for the party made the Socialists appear adrift. Interestingly, every positive example of Socialist leadership that Hollande outlined came under Jospin, which raises the question as to whether Hollande is preparing Jospin's return, even if unconsciously. End Comment.

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